



**Public Protection Administration of Justice Member Services  
Administration of Justice Member Services Public Protection  
Member Services Public Protection Administration of Justice**

## **The State Bar of California**

Annual Report | 2006

# The State Bar of California

## Annual Report | 2006

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*The State Bar of California believes in:*

VALUES

### ***Serving the Administration of Justice***

- The independence of the judiciary as the third branch of government.
- Equal access to justice.
- Civility and professionalism.

### ***Serving the Public***

- Helping attorneys better serve their clients.
- Protection of the public.
- Public service through pro bono representation.

### ***Serving Attorneys***

- Effective self-governance.
- Diversity and broad participation in bar membership and leadership.
- Fiscal responsibility.
- Protection of the legal profession by ensuring the highest levels of competency.

## MESSAGE FROM THE EXECUTIVE DIRECTOR

This past year, the State Bar made progress on many fronts. Our public protection efforts through attorney regulation and discipline remained strong. We worked to simplify the rules that govern attorneys. We took steps to find ways of building a more diverse State Bar membership. We worked with others to help improve California's system of justice and assist those who need more affordable legal services. And, based on a 2006 membership survey, we are now exploring a wide range of new member benefits, including health savings accounts and various discounted services.

At the same time, our Board of Governors and senior staff recognize the fiscal reality of our times—and have renewed the bar's commitment to financial responsibility. One tremendously successful policy change in 2006 resulted in the collection of nearly 90 percent of our membership fees by the statutory deadline (Feb. 1, 2007). This change dramatically cut the State Bar's postage and production costs for late payment notices.

As California's courts and justice system struggle in the face of increasing demand and decreasing resources, the State Bar also has joined forces with the Chief Justice, the Administrative Office of the Courts, the Governor and the Legislature to help ensure that our courts continue to operate and that our system responds to the legal needs of Californians. Together, we are exploring the growing need for legal services. Many Californians cannot afford to pay attorney fees. And many have little, if any, understanding of their legal rights and responsibilities and of how the system operates. To address this situation, the courts, the bar and the Legislature must take the lead, both in terms of educating the public and recommending solutions to ensure access to our justice system.

On another front, we are reaching out to young people—from preschoolers to college students—through our *Pipeline Project* and introducing them to the possibility of becoming lawyers. This initiative aims to build a more diverse State Bar membership. Over the long haul, a more diverse membership will better reflect the general population and will help broaden California's pool of judicial candidates as well. This past year, as an outgrowth of the *Pipeline Project*, our Board of Governors created a Council on Access & Fairness. The council (created from existing board committees) will advise the board on strategies to enhance diversity within the legal profession.

In another reflection of our times, we are working to improve professionalism and civility among lawyers. In 2006, the board created an Attorney Civility Task Force to study existing codes and model programs and present a proposal in 2007.

## MESSAGE FROM THE EXECUTIVE DIRECTOR

Much of our recent work also reflects our current push to improve member services. In addition to our new member services center, we completed a survey of randomly selected State Bar members in 2006. As part of the survey, we asked lawyers what they want in terms of benefits and services. And we gathered member information that will help us better respond to their needs.

To further assist our members, we began revising more than two dozen separately organized sets of State Bar rules in 2006. The aim is to simplify and clarify the rules, and merge them into one uniform structure. The board adopted rewritten rules on member rights and responsibilities this past August. And revisions of the rules for Minimum Continuing Legal Education and various other programs and services are currently in the works.

The following pages contain additional highlights of the State Bar's work this past year. Much of it set the stage for ongoing improvements that will help the State Bar remain a valuable, accessible resource for California's consumers, lawyers, courts and legislators.



**Judy Johnson**

*Executive Director, The State Bar of California*



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***The purpose of the State Bar of California is to preserve  
and improve our justice system to assure a free and just  
society under law.***

*—The State Bar’s Mission Statement*

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## ADMISSIONS

As the gatekeeper to the profession, the **Office of Admissions** develops and administers the California Bar Examination and the First-Year Law Students' Examination, conducts applicant moral character investigations, accredits and registers law schools and supports the Committee of Bar Examiners in carrying out its functions. It is funded entirely by applicant fees, the sale of study aids, accreditation fees and interest income.

### Accomplishments/New Developments

*In 2006, the Office of Admissions:*

- Administered the **California Bar Examination** to 14,428 law students and out-of-state attorneys (5,201 in February, 9,227 in July). This amounted to 864 more applicants than in 2005. Of those tested during both exam periods, 578 were granted testing accommodations for disabilities. In February, 40 percent of the applicants passed the examination, a slightly lower pass rate than in February 2005. In July, the pass rate was 51.3 percent, slightly higher than the pass rate in July 2005. A large number of applicants now take the exam on laptop computers that have had special security installed in advance.

- Posted the bar exam results on the State Bar's Web site in addition to mailing out notices. Sample examination questions and answers were published and posted online as well following the release of the test results.

- Administered the **First-Year Law Students' Examination** to 1,767 law students (937 in June, 830 in October). This marked a slight increase when compared to the pool of applicants tested in 2005. Twenty-nine applicants were granted testing accommodations for disabilities. In June, 21.5 percent of the applicants passed the examination, slightly lower than the previous June's pass rate. In October, the pass rate was 28 percent, slightly higher than in October 2005.

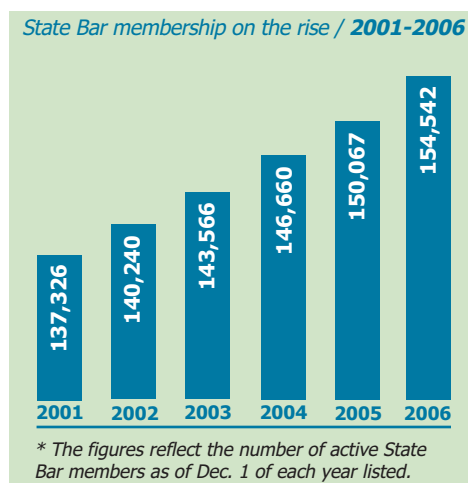
- Performed **background checks on 8,094 applicants** to determine if they possess the good moral character necessary for admission to practice law in California. Reviewed 212 investigative reports (up from 163 in 2005) and conducted 70 informal conferences with moral character determination applicants (up from 65 in 2005). More than 30 applicants (up from 25 in 2005) received adverse moral character determinations.

- Processed 123 applications from attorneys seeking to register under the **Multijurisdictional Practice Rules**, which allow out-of-state attorneys, not licensed in California, to practice law in California in limited circumstances. Applications processed in 2006 dropped dramatically from the 521 received in 2005, the first year of the new MJP program.

- Assisted the Committee of Bar Examiners in the distribution of new **expanded Supplemental Statistics Reports** (based on bar exam results) to individual law schools throughout California. Launched to enhance communications between the Committee of Bar Examiners and California law schools, the project began after the release of the July 2006 test results. Law schools will continue to receive such statistics for each examination.

- Enhanced ethics screening by raising the minimum passing score required for the **Multistate Professional Responsibility Examination** (beginning in January 2008) to a scale score of 86—up from 79. The change was first announced and posted on the State Bar's Web site in December 2005.

- Changed the way in which **California Bar Examination** answers are scored and tallied for a final scale score. In addition, the changes will allow failing applicants to receive the grades they got during all phases of grading. The changes, which took effect in February 2007, were made after much discussion with the Law School Assembly, the Board Committee on Regulation, Admissions and Discipline Oversight, the Law School Council and the Law School Registrars.



## CHIEF TRIAL COUNSEL

The State Bar's attorney discipline system is designed to protect the public, the courts and the profession from attorneys who violate the professional standards that govern attorney conduct in California. The bar's **Office of the Chief Trial Counsel (OCTC)** — which handles complaint intake, investigation/trials, central administration and probation — is the disciplinary enforcement arm of this system. Selected by the State Bar and confirmed by the State Senate, the Chief Trial Counsel (CTC) reports to the Board of Governors' Committee on Regulation, Admissions and Discipline (RAD) on substantive policy issues and is responsible for the overall structure, goals and management of OCTC.

■ The **Intake Unit** is the starting point for consumers seeking to file a complaint against an attorney. The unit, which consists of complaint analysts, attorneys and support staff, also provides membership information and responds to general questions regarding attorneys and State Bar programs. The toll-free Attorney Complaint Hotline [1-800-843-9053] offers an extensive "voice tree" aimed at assisting callers with common questions or problems. Complaints are initially evaluated to determine if they involve a violation of California's professional standards. Then, if a formal investigation is warranted, the file is transferred to **Investigations**. In addition, the Intake Unit addresses other matters, through education and informal mediation, which do not rise to the level of a formal investigation. And it processes information that attorneys must self-disclose (*Reportable Actions*) under Business and Professions Code § 6068(o).

■ If the matter is not resolved at the investigation stage, a State Bar attorney prepares a formal *Notice of Disciplinary Charges* and files it with the State Bar Court. The matter then proceeds to a Trials Unit team.

■ The **Trials Unit** teams are also responsible for the prosecution of conviction referral matters, probation revocation proceedings and other regulatory proceedings within OCTC's jurisdiction. They handle reinstatement proceedings following disbarment or resignation and moral character admissions proceedings as well. And they are responsible for presenting matters on appeal before the Review Department of the State Bar Court.

■ OCTC also administers the bar's **Ethics School** and **minor offense diversion program**, and coordinates efforts to address the disposition of client files abandoned by deceased or missing attorneys.

### Accomplishments/New Developments

*In 2006, the Office of the Chief Trial Counsel:*

■ Promptly answered calls to the toll-free **attorney complaint hotline**. Callers waited an average of 24 seconds before speaking to a complaint analyst. Just 10 percent of callers hung up before speaking to a complaint analyst. (See adjacent box.)

#### Calls to the toll-free attorney complaint hotline

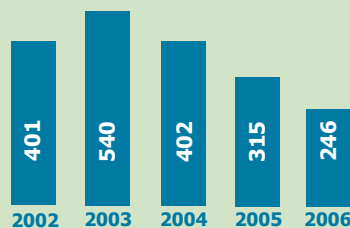
2002	2003	2004	2005	2006
110,343	116,800	89,823*	70,902*	72,916*

*\*OCTC attributes the lower number of calls to: the reduced busy rate after 4 new trunk lines were added in 2004; and the increased use of the State Bar's Web site for information and forms. From July of 2004 to December of 2006, approximately 112,900 complaint forms were downloaded from the site.*

■ Reduced the **case backlog** by 23 percent compared to 2005 (see the chart below). A case becomes a backlog case if, after its receipt, the case is pending without closure or resolution within 6 months of receipt or, for a case designated as complex, within 12 months. The year-end backlog in 2006 (246 cases) was lower than it has been since 1995. In addition, 2006 marked the first year since 1997 that the backlog dropped below 300.

■ Began implementing Business and Professions Code § 6126.3 (effective Jan. 1, 2006). This legislation allows the State Bar to apply to a superior court to take over the business of any non-attorney practicing law without a valid California license. Under this section, the bar can shut down such practices, seize files and return files

#### \*Backlog cases / 2002-2006



*\* Cases still pending without closure or resolution within six months of receipt or, for complex cases, within 12 months.*



to those who appear to be the non-attorney's clients. The tracking of such cases began in March 2006.

## PROBATION

The **Office of Probation** monitors the probationary compliance of disciplined attorneys pursuant to orders issued by the California Supreme Court and the State Bar Court. The Probation Unit handles all probation revocation motions and probation modification requests pursuant to rules 550-554 of the *Rules of Procedure*, including modification requests of reprobation conditions. The unit also monitors compliance with rule 955 of the *California Rules of Court* and with *Agreements in Lieu of Discipline*.

While it remains a separate and independent office, the Office of Probation reports directly to the Chief Trial Counsel and has done so since 2005.

### Accomplishments/New Developments

*In 2006, the Office of Probation:*

- Filed one more **probation revocation motion** in 2006 than in 2005.
- Increased **referrals to OCTC** for prosecution from 26 in 2005 to 97 in 2006.

## CLIENT SECURITY FUND

When an attorney steals from a client, the consequences can be devastating—to the legal profession as a whole as well as the individual client. The **Client Security Fund** can help soften that blow by reimbursing victims up to

\$50,000 for losses due to attorney theft or an act equivalent to theft. Financed with attorney fees, the fund is a cost-effective way of assisting victims for whom reimbursement would generally not be available from any other source. The fund also provides a unique opportunity to promote public confidence in the administration of justice and the integrity of the legal profession. The California fund continues to receive and process more applications per year than any other such fund in the United States.

### Accomplishments/New Developments

*In 2006, the Client Security Fund:*

- Processed 1,302 claims to closure from **1,314 new applications**, paying nearly \$5.3 million on 943 approved claims.
- Developed an **automated cost recovery system** that will soon replace the manual calculation of disciplined attorneys' charges to the fund, providing greater accounting efficiency.
- Established procedures to enforce as **money judgments** amounts owed to the fund by attorneys under the provisions of B&P Code § 6140.5(d).
- Decreased the average processing time of applications and eliminated some duplication of investigative work by obtaining **access to the Chief Trial Counsel's computerized banking and investigative records**.

Office of Probation	2004	2005	2006
Files pending   reporting period end	791	800	857
Files opened	559	606	566
Files closed	512	559	481
Probation revocation motions filed	36	25	26
Referrals to OCTC for prosecution	10	26	97

### Dollars Paid by Category in 2006 | \$5,299,061

Misappropriation	\$3,650,986
Unearned Fees	\$1,534,440
Investments	\$0
Loans	\$113,635

### 5-Year Summary of Applications Paid in Dollars

2006	\$5,299,061
2005	\$4,648,584
2004	\$5,681,455
2003	\$5,859,620
2002	\$6,597,057

- Expanded the fund's coverage to include **Foreign Legal Consultants** registered with the State Bar and lawyers registered with the State Bar under the **Multijurisdictional Practice Program**.

## STATE BAR COURT

The **State Bar Court** is the California Supreme Court's administrative arm in the adjudication of disciplinary and regulatory

matters involving attorneys. It seeks to hear and decide cases fairly, correctly and efficiently for the protection of the public, the courts and the legal profession. The State Bar Court can impose a public or private reproof when a California attorney is found to have violated the disciplinary provisions of the *California State Bar Act* or the *Rules of Professional Conduct*. In more serious disciplinary matters (those involving disbarment, for example), the court sends a disciplinary recommendation to the California Supreme Court for review and adoption.

### 2006 State Bar Court Closed Disciplinary Cases Dispositions

Disbarment	66
Summary Disbarment	5
Suspension	250
Reprovals	96
Dismissal	58
Termination	116
Revoke Probation	20
Probation	0
Extend Probation	0
License to Practice Canceled	0
Admonition	0
Deny Petition/Application	0
<b>Total</b>	<b>611</b>

### Accomplishments/New Developments

*In 2006, the State Bar Court:*

- Processed 802 **attorney disciplinary and regulatory matters filed with the court**, and closed 772 such matters for a 96 percent closure rate.
- Reduced the **average pendency of cases** in the State Bar Court hearing department to six months, down from seven months in 2005.
- Continued through its **Alternative Discipline Program (ADP)** to work with attorneys suffering from substance abuse and/or mental health issues. The ADP seeks to identify and refer such respondents to the State Bar's Lawyer Assistance Program for treatment and rehabilitation.
- Continued to produce the **California State Bar Court Reporter**, which contains the published opinions of the review department in attorney disciplinary and regulatory proceedings.
- Installed **new audio equipment** in all San Francisco and Los Angeles courtrooms.
- Posted **State Bar Court decisions** and stipulated dispositions on the State Bar's Web site.

## GOVERNMENTAL AFFAIRS

The State Bar's **Office of Governmental Affairs** serves as the liaison between the State Bar and the legislative and executive branches of government. Funded solely with voluntary contributions, the office:

- Identifies and tracks legislative bills affecting, or of interest to, the State Bar.
- Advocates the State Bar Board of Governors' position on various non-ideological issues.
- Provides technical assistance and information to the governor and legislators (and their staffs) on issues of relevance to the practice of law, the legal profession and consumers of legal services.
- Initiates and implements education and assistance programs to increase state policymakers' understanding of the legal profession, the practice of law and the State Bar's role in the administration of justice.
- Performs similar tasks for the State Bar sections (funded with voluntary section funds).

## Accomplishments/New Developments

*In 2006, the Office of Governmental Affairs:*

■ Played a key role in achieving significant legislation to **create 50 new judgeships, collect information to increase diversity in the judiciary** (SB 56) and **increase funding for legal services** (AB 2301).

■ Developed and lobbied into law bar-sponsored legislation removing statutory limitations on the **selection of a financial audit firm**, which should result in more meaningful financial audits of the State Bar (SB 262).

■ Coordinated and provided staff support for the legislative program for the voluntarily funded sections of the State Bar, resulting in the enactment of nine section-sponsored bills, including the *Revised Uniform Limited Partnership Act*, sponsored by the Business Law Section (AB 399), and several significant proposals by the Trusts and Estates Section. The office also coordinated and provided staff support for the sections' highly effective involvement in more than 50 bills sponsored by others.

■ Provided **staff support** for the voluntarily funded administration of justice committees that provided comments to Judicial Council Advisory Committees, the California Law Revision Commission and others on proposed rules and legislation relating to numerous issues.

## LEGAL SERVICES, ACCESS AND FAIRNESS PROGRAMS

**T**he State Bar's **Office of Legal Services, Access and Fairness Programs (LSAFP)** plans, develops, administers and staffs a variety of public and member programs. Its aim is to enhance access and fairness in the profession and help improve the delivery of legal services to the underserved. LSAFP's efforts include:

### *The Legal Services Trust Fund Program (IOLTA)*

*The Legal Services Trust Fund was established by the Legislature in the early 1980s to provide money to help fund civil legal services for indigent Californians. Since its creation, more than \$230 million has been distributed to legal services programs serving the poor statewide.*

■ Staffing the legislatively mandated Legal Services Trust Fund Program (IOLTA) that receives interest on attorney-client trust accounts and distributes the funds to legal services programs throughout California.

■ Staffing the State Bar's legal services outreach activities, the California Young Lawyers Association (CYLA), the Standing Committee on the Delivery of Legal Services and the Access to Justice Commission.

■ Developing programs to enhance pro bono service, legal services delivery and lawyer referral services.

■ Administering the Disaster Legal Services Program (LawHelp California), which helps mobilize volunteer attorneys to aid victims of disasters with legal issues.

## Accomplishments/New Developments

*In 2006, the Office of Legal Services, Access and Fairness Programs:*

■ Created a Certification Mark to help consumers identify **State Bar-certified lawyer referral services** (LRS's) across the state.

■ Logged nearly 5,000 hours of pro bono legal services, at a value of \$1 million, from approximately 100 retired attorneys through the bar's **Emeritus Attorney Pro Bono Participation program**.

■ Printed and distributed (with a grant from the California Bar Foundation), as well as posted on the bar's Web site, a revised set of **guidelines on the delivery of legal services to accused indigents**.

■ Distributed in the 2005-06 grant period more than \$12 million in **IOLTA** grants—a 43 percent increase over the prior year. The program persuaded banks to pay higher rates of interest on IOLTA accounts, thereby increasing IOLTA grants to all qualified legal services projects and support centers.

■ Distributed **Equal Access Fund** grants (\$8.55 million) to 100 programs and \$950,000 in Equal Access Fund Partnership Grants to 19 court-based self-help centers. The state program is administered by the State Bar.

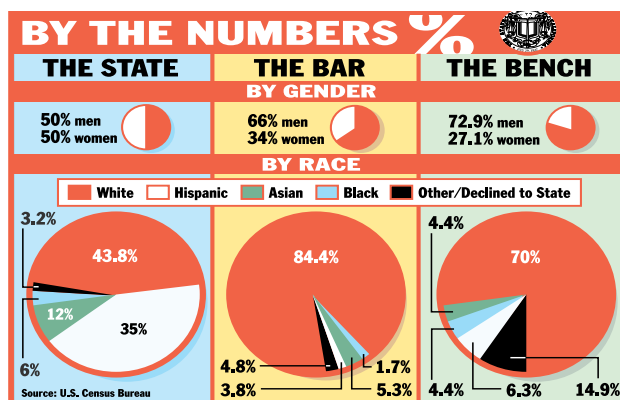
■ Broadened the bar's diversity efforts through the work of a broad-based **Diversity Pipeline Task Force**, whose goal is to develop activities to raise student awareness (beginning with outreach to preschools) and interest in law as a profession. The first ever Judicial Summit in California was held as part of this effort.

■ Institutionalized the State Bar's diversity pipeline initiative with the board's creation of a new **Council on Access & Fairness**.

■ Worked with the Governor's Office, Judicial Council and Legislature to achieve enactment of **Senate Bill 56**, which requires annual reports from the Governor's Office, the Judicial Council and the State Bar Commission on Judicial Nominees Evaluation (JNE) providing demographic information on race, ethnicity and gender for the pool of judicial applicants, rankings by JNE, and all sitting state judges in California. (See graphic above depicting the initial statistics.)

members who represent a broad cross-section of California's legal profession and population. The all-volunteer commission cannot nominate

or appoint judges; it does, however, thoroughly investigate California's judicial candidates under a code of strict confidentiality. In rating a candidate, the commission considers a number of factors to gauge his or her judicial qualifications.



### ***Accomplishments/New Developments***

*In 2006, the Commission on Judicial Nominees Evaluation:*

- Met a total of 14 days (in addition to two days of training) to evaluate **216 candidates** submitted by the Governor, rating 179 as "qualified" or "well qualified"; eight as "exceptionally well qualified"; and 29 as "not qualified." Detailed reports were sent to the Governor.
- Received **20 appeals** to the JNE Review Committee for reconsideration from those rated "not qualified"; four were rescinded, 13 were denied and three are pending.

## **COMMISSION ON JUDICIAL NOMINEES EVALUATION**

The State Bar's **Commission on Judicial Nominees Evaluation (JNE)** evaluates candidates who are being considered for a judicial appointment by the Governor. The commission's mission is to assist the Governor in the judicial selection process by providing independent, comprehensive, accurate and fair evaluations of candidates for judicial appointment and nomination. Appointed by the bar's board of governors, the commission is made up of attorneys and public

## **MEMBER SERVICES CENTER**

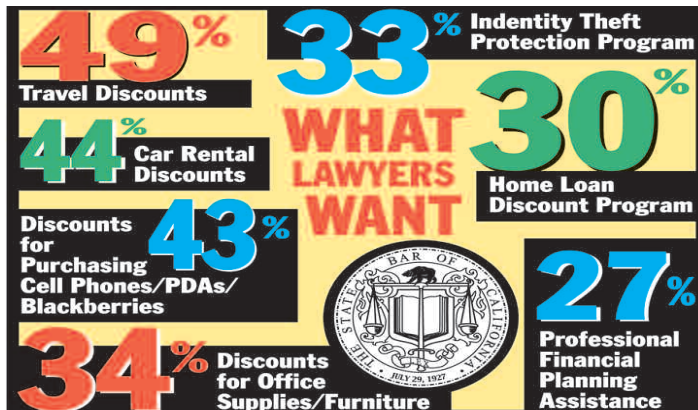
In 2006, the **Member Services Division (MSD)** continued working to build a collaborative member services team. The Member Services Center (MSC), Member Records (MR) and some Office of Certification staff were consolidated into a single Member Services (MS) department. One major initiative was the successful implementation of a billing cycle change requiring 2007 member fees to be collected by the statutory deadline of Feb. 1, 2007.



## Accomplishments/New Developments

*In 2006, the Member Services Division:*

- Responded to **1,500 calls a day** at the peak of the shortened 2006 billing cycle.
- Effectively communicated the billing cycle change to members, resulting in nearly **90 percent compliance** as of the statutory deadline.



- Reduced the number of members not paying by the statutory deadline from a high of 60,000 in past years to 22,000, significantly **cutting the postage and production costs** for late payment mailings.

- Initiated an effort to transform more than two dozen separate sets of **State Bar rules** into one simple, clear, uniform structure. In August 2006, the bar's board adopted rewritten rules on member rights and responsibilities. Revisions are currently underway for rules on Minimum Continuing Legal Education and for various programs and services. Work will continue with rules on governance, admissions and discipline.

- Implemented a **document retention policy** and moved space-consuming paper files off site, freeing up space for the Member Services Center staff to move into a common work area in the future.

- Proposed amendments to the **member list policy** to reduce a requestor's access to the membership list to two requests per year.

- Added four new programs to the **State Bar Insurance Program**: group life, accidental death and dismemberment, homeowner and automobile. In addition, bids for an employment liability insurance vendor are currently under review and the new program should be launched in 2007.

- Doubled **insurance income**—from \$1 million to \$2 million—since the MSD was created. Insurance monies provide \$1.2 million in funding to the Lawyer Assistance Program.

- Selected **Augeo Affinity Marketing** as the State Bar's vendor for member services, with its program slated to launch in 2007. This marks the first step in developing a member-centric suite of products and programs,

accessible to members on a dedicated Web site. In addition, a State Bar brand will be developed and tied to highly competitive and value-added products and programs.

## MANDATORY FEE ARBITRATION

The **Office of Mandatory Fee Arbitration** offers mandatory fee arbitration for clients and attorneys to resolve fee disputes outside of court and assists clients with the enforcement of unpaid arbitration awards. It also provides training and consultation to the 44 local bar associations that offer mandatory fee arbitration services.

Mandatory Fee Arbitration Requests	2002	2003	2004	2005	2006
MFA requests filed with the State Bar	134	127	211	144	174
MFA requests filed with local bars	1,710	2,570	1,771	1,661	1,475
Requests for enforcement of award	81	86	72	78	61

## Accomplishments/New Developments

*In 2006, the Office of Mandatory Fee Arbitration:*

- Raised the **flat rate reimbursement** of local bar fee arbitration programs to \$36 (from \$24) per arbitration case assigned to an arbitrator.
- Responded to 174 requests for fee arbitration throughout the state—an increase from 2005,



suggesting that the **Mandatory Fee Arbitration Program** has become more accessible when a local bar program is unavailable or unable to provide fair and neutral arbitration.

- Helped the Mandatory Fee Arbitration Committee present eight three-hour **fee arbitrator training programs** for local bar associations statewide.

- Developed **Model Rules of Procedure for Fee Arbitration** to provide local bar programs with a template of rules that are current in the law and promote consistency between programs. A growing number of local programs have since adopted them.

## LAWYER ASSISTANCE PROGRAM

The **Lawyer Assistance Program (LAP)** provides confidential rehabilitation support for attorneys dealing with substance abuse or mental illness. Professional and peer assistance is also available to attorneys who are suffering from stress, burnout, depression or chemical dependency.

### *Accomplishments/New Developments*

*In 2006, the Lawyer Assistance Program:*

- **Assisted 774 attorneys** (56 percent without any pending disciplinary charges and 44 percent who were involved in discipline proceedings). The large percentage of participants without pending disciplinary charges, an ongoing trend, indicates acceptance of the program as a confidential resource for attorneys with substance abuse and/or mental health issues.

- **Enrolled 206 attorneys** in the program—up 14 percent from 2005. By year's end, there were 362 active participants—up 24 percent from the number of participants at the end of 2005.

- Introduced and distributed approximately 1,850 copies of a **free one-hour self-study MCLE packet**.

- Tested on a pilot basis a **prospective outcomes study** to examine the short-term and long-term impact of participation in the LAP. Data was collected from 169 program participants and analyzed by a research psychologist before the start of the next phase of the study in March 2007. Based on the psychologist's recommendations, adjustments to the research methodology and data collection instruments are currently underway.

- Approved, based on need, 189 participants for **LAP Financial Assistance Plan loans**. Sixteen participants have voluntarily stopped receiving assistance and are now paying on their own. Some 50 attorneys are slated to complete the program in 2007 and begin paying off their loans.

- Consolidated the **San Francisco and Sacramento LAP offices** to provide significant administrative savings for fiscal year 2007 as a result of lower overhead and salaries in the Sacramento area.

- Logged another increase in the number of attorneys participating in both the LAP and the State Bar Court's **Alternative Discipline Program (ADP)**—now totaling nearly 200 respondents who are either enrolled in the ADP/LAP (120) or being evaluated for the program (67).

## BAR RELATIONS

The **Office of Bar Relations Outreach**, through voluntary contributions to the Elimination of Bias/Bar Relations Fund, staffs the activities, programs and events of the Center for Access & Fairness and Bar Relations Outreach. These programs enable the State Bar to serve as a vital link between the bar and more than 230 local, minority and specialty bar associations.

### *Accomplishments/New Developments*

*In 2006, the Office of Bar Relations Outreach:*

- Increased attendance at the annual **Bar Leaders' Conference** to 115—up from 92 in 2005. The one-day educational conference for incoming bar presidents,

board members and staff from various bar associations statewide received a favorable rating from 75 percent of the attendees who completed evaluations.

- Received funding from the California Bar Foundation to provide **scholarships** for participants and host speakers for leadership and association management training.

- Migrated the **Bar Relations Outreach database directory** of contact and bar leadership information into a searchable database on the State Bar Web site, insuring more up-to-date information and reducing costs by approximately \$2,000. The directory currently serves 236 bar associations—the entire bar community—the American Bar Association staff, State Bar staff and leadership, and the Administrative Office of the Courts.

- Helped facilitate a **Contra Costa County Bar Association board retreat** in 2006, which led to that local bar's 2007 action plan. The hope is that other local bar associations will, to a limited extent, also utilize bar relations staff as a resource for their board development events.

## SPECIAL ADMISSIONS AND SPECIALIZATION

**T**he Office of Special Admissions and Specialization manages special programs that allow qualified individuals who are not State Bar of California members to practice law in California under limited circumstances.

- **The Multijurisdictional Practice Program (MJP)** allows attorneys licensed in other United States jurisdictions who reside in California to register with the State Bar to perform certain legal services for certain corporations and legal services organizations. It also allows out-of-state attorneys to temporarily come to California in connection with certain litigation and transactional activities.

- **The Pro Hac Vice Program** permits out-of-state attorneys to appear in California state courts.

- **The Out-Of-State Attorney Arbitration Counsel Program** allows out-of-state attorneys to appear in non-judicial arbitrations in California.

- **The Military Counsel Program** allows non-California attorneys serving in the military to represent military personnel in California courts on a limited basis.

- **The Foreign Legal Consultant Program** allows attorneys who are licensed to practice law in a foreign country to practice the law of that country in California under limited circumstances.

### ■ The Practical Training of Law Students

**Program** allows certain law students to gain first-hand legal experience in a supervised environment.

#### The Legal Specialization Program certification areas

- Appellate Law
- Bankruptcy Law
- Criminal Law
- Estate Planning, Trust and Probate Law
- Family Law
- Franchise and Distribution Law
- Immigration and Nationality Law
- Taxation Law
- Workers' Compensation Law

- **The Legal Specialization Program** directly certifies that qualifying California attorneys have special competence in one of nine areas of law (see adjacent box). The Legal Specialization Program also authorizes certain other organizations, such as the National Board of Trial Advocacy, to certify that California attorneys have special qualifications in other areas of law.

- The self-funded Office of Special Admissions and Specialization also authorizes education providers to offer courses that satisfy the **Minimum Continuing Legal Education (MCLE)** obligations of California attorneys and courses that satisfy additional continuing education obligations of attorneys who are certified legal specialists.

### Accomplishments/New Developments

*In 2006, the Office of Special Admissions and Specialization:*

- Certified nearly 1,600 law students under the **Practical Training of Law Students Program**,

allowing them to gain practical legal experience working with district attorneys, public defenders, other governmental agencies and private attorneys.

- Adopted **Franchise and Distribution Law** as a new specialty with board approval, becoming the first state to adopt a specialty that assists small business owners in the complex process of purchasing or selling a franchise.
- Developed a process for **out-of-state attorneys** to appear in California arbitrations.
- Helped implement a rule change that now permits the **Client Security Fund** to cover foreign legal consultants.
- Worked closely with the inaugural class of more than 500 **registered in-house counsel and registered legal services attorneys** to complete their initial annual renewal and compliance with MCLE requirements.

## PROFESSIONAL COMPETENCE ETHICS HOTLINE

The **Office of Professional Competence** is responsible for administering programs that set and maintain high standards of attorney professional responsibility. A primary goal is the prevention of lawyer misconduct. Seeking to help lawyers understand and comply with their ethical duties, the professional competence staff:

- Administers an **Ethics Hotline** that assists lawyers in researching professional responsibility authorities.
- Serves as staff to the board of governors, its committees, and special commissions and task forces involved in the development of proposed amendments to the Rules of Professional Conduct and other laws governing lawyers.
- Administers the **Committee on Professional Responsibility and Conduct (COPRAC)**, charged with

the task of drafting and issuing the State Bar's advisory ethics opinions.

- Publishes and distributes **publications** (such as the *California Compendium on Professional Responsibility*) aimed at enhancing attorney professional responsibility.
- Sponsors **legal education and outreach programs** that instruct lawyers on attorney professional responsibility issues and promote awareness of the State Bar's professional responsibility programs and activities.
- Creates and maintains **Ethics Information Online**, an area of the State Bar's Web site that offers a wide range of online professional responsibility resources.

### Accomplishments/New Developments

*In 2006, the Office of Professional Competence:*

- Issued 27 proposed new or amended rules for a 120-day public comment period and conducted a public hearing at the bar's annual meeting in administering the work of the board's **Special Commission for the Revision of the Rules of Professional Conduct**.
- Handled more than 22,000 calls to the **Ethics Hotline**, receiving an average customer satisfaction survey rating of 9.7 (out of a possible 10) across all categories, including overall satisfaction, promptness of response and usefulness of materials provided.
- Participated (as part of its work for COPRAC) in an **American Bar Association lobbying effort** to persuade the United States Sentencing Commission (USSC) to amend the USSC guidelines regarding credits offered in exchange for a waiver of the attorney-client privilege and work product protection. The USSC has since revised its guidelines to be more protective of the attorney-client privilege and work product protection.
- Helped COPRAC develop and publish **State Bar Formal Op. No. 2006-170** to address the professional responsibility issue of liens in a contingency fee context. The issue arose from a recent California Supreme Court decision that held that a lawyer's

lien for attorney fees in an hourly fee agreement constitutes an interest adverse to the lawyer's client.

■ Enhanced the State Bar's Web site by helping to develop its **first online public comment submission feature**, providing an updated edition of the online version of the *Handbook on Client Trust Accounting* and posting a new Ethics Hotline satisfaction survey that can be completed and submitted online.

## SECTION EDUCATION AND MEETING SERVICES

The Office of Section Education and Meeting Services provides educational services for attorneys to enhance their professional skills and abilities. Such services help fulfill the State Bar's mission to enhance the professional development of attorneys who practice law in California. As part of its role, the office administers and staffs the Council of State Bar Sections, providing assistance with educational programs, publications, meetings and related events, in accordance with their voluntary funding requirements. The office also produces a wide range of publications to provide ongoing professional development resources, in addition to staffing and coordinating the State Bar's Annual Meeting, Section Education Institutes and the bar's continuing education provider activities.

### Accomplishments/New Developments

*In 2006, the Office of Section Education and Meeting Services:*

■ Logged in 525 **Continuing Legal Education (CLE)** in-person class programs (1,161 hours of CLE, 25,757 seats occupied); 724 online programs (47 hours of online CLE, 599 *CLEtoGo* podcasts, 875 hours of *CLEtoGo*); 4,219 Section Education Institute seats occupied (72 classes); and 10,499 State Bar Annual Meeting education seats occupied (203 classes).

■ Converted to an **electronic MCLE record-keeping system** (from a manual system), resulting in reduced costs related to staff time and decreased response time

for MCLE history report requests.

■ Provided **meeting support** for 80 section executive committee meetings, 175 section subcommittee meetings, four Council of Section Chairs meetings and four Board Sections Task Force meetings.

■ Launched **Web-based workrooms** in which committee members can access, review, edit and post documents such as committee meeting agendas and minutes.

■ Consolidated the **design, printing and production services** for all 16 sections, the Annual Meeting and the Section Education Institute.

### *The State Bar's 16 voluntary, financially self-supporting sections include:*

- Antitrust and Unfair Competition Law
- Business Law
- Criminal Law
- Environmental Law
- Family Law
- Intellectual Property Law
- International Law
- Labor and Employment Law
- Law Practice Management and Technology
- Litigation
- Public Law
- Real Property Law
- Solo and Small Firm
- Taxation
- Trusts and Estates
- Workers' Compensation

## CALIFORNIA YOUNG LAWYERS ASSOCIATION

California attorneys who are in their first five years of practice or are 36 years old or younger are automatically registered as members of the **California Young Lawyers Association (CYLA)**. No separate membership fee is required. CYLA offers lawyers and new practitioners an opportunity to become involved in their profession and to participate in public service. Initially created in 1965 as the State Bar's Conference of Barristers, the organization was renamed the California Young Lawyers Association in 1977. As one of the governing bodies of the State Bar of California, CYLA holds a permanent seat on the bar's board of governors and has a history of zealously advocating issues important to its membership.

### Accomplishments/New Developments

*In 2006, the California Young Lawyers Association:*

- Developed a **CYLA e-newsletter** (an opt-in listserv) that provides professional development articles, information on local bar activities for young lawyers, and announcements from the State Bar and CYLA. To date, there are more than 1,000 subscribers.

## FINANCE

The **Office of Finance** is composed of departments that handle financial planning and analysis, finance, member billing and procurement for the State Bar.

- **Financial Planning and Analysis** is responsible for ongoing financial planning and budgeting and assists in the creation and monitoring of the State Bar's annual budget.

- **Finance** serves as the State Bar's controller, preparing financial statements, paying State Bar obligations, managing the bar's investments, supporting the Legal Services Trust Fund Program in administering the IOLTA program and auditing recipients of IOLTA grants. In addition, the department, among its other tasks, oversees payroll, administers the employee benefit 457 plan and coordinates external audits.

- **Member Billing** bills and receives membership and other fees; processes fee waivers; answers member billing inquiries; bills and receives assessed discipline proceeding costs, Client Security Fund reimbursements, Mandatory Fee Arbitration awards and MCLE penalty fees; and processes section membership fees and issues State Bar membership cards.

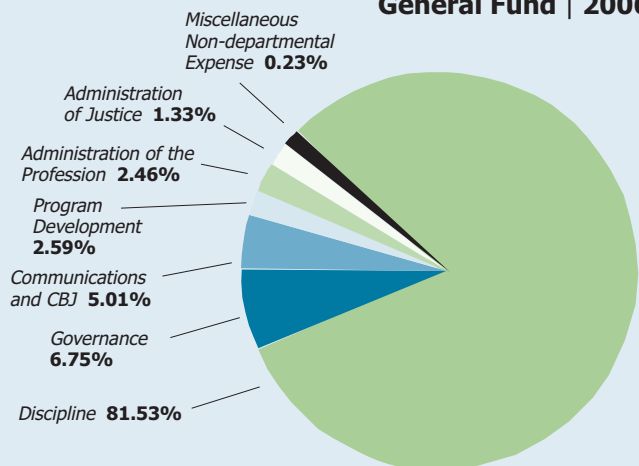
- **Procurement** facilitates the State Bar's purchasing and contracting procedures, including compliance with mandated competitive bidding requirements and contract control procedures. It processes purchase orders and contracts as well as manages credit card usage.

### Accomplishments/New Developments

*In 2006, the Office of Finance:*

- Developed new procedures and clarified existing rules regarding **member fees and status**. A new penalty structure was created and the billing cycle was shortened.
- Revised rules to use billing staff resources more efficiently.

General Fund | 2006



\*The budget percentages amount to \$53,299,000 in unaudited actual program expenditures.



- Diversified the State Bar's investments and developed a **new investment policy**, with investment income increasing by 125 percent.

- Completed implementation of the **PeopleSoft financial system** module, resulting in full integration of all State Bar financial functions.

## GENERAL COUNSEL

The **Office of General Counsel (OGC)** is the State Bar's in-house counsel—providing legal advice, representation and services to the State Bar, its governing board, executive director, senior executives and directors, staff, committees, commissions and other sub-entities. OGC attorneys:

- Supply legal analysis and opinions on laws, issues and proposed legislation relevant to the State Bar and its programs and activities.

- Provide advice on contracts, government procurement requirements, employer-employee matters such as equal employment opportunity issues and employee disciplinary matters, and state laws pertaining to open meetings, public records and governmental privacy.

- Handle matters in state and federal courts and before administrative agencies.

- Represent the State Bar in discipline and admissions cases before the California Supreme Court.

- Regularly attend meetings of the board of governors and other committees and commissions to provide legal analysis and advice on pending matters.

- Draft, review and advise on contracts and other business transactions for all State Bar offices and departments, including employment and labor relations, copyright, real estate and general corporate matters.

## Accomplishments/New Developments

*In 2006, the Office of General Counsel:*

- Drafted amendments to the California Rules of Court containing procedures necessary to implement the statute that authorizes the collection of court-ordered disciplinary costs and restitution to the **Client Security Fund (CSF)** as civil money judgments, and filed a petition for their adoption with the California Supreme Court.

- Helped develop an automated system to track **disciplinary costs and CSF restitution** owed by disciplined lawyers and to locate attorneys who owe these sums to facilitate debt collection.

- Established an internal process for State Bar staff to **draft proposed amendments** to the California Rules of Court; developed, in conjunction with the Supreme Court Clerk's Office, procedures and a form to be used in the filing of rules, reports, and other matters and in their tracking and routing by the Supreme Court staff.

- Created or updated **standard agreements** (templates) for 23 types of services resulting in the waiver of review in more than 400 contracts this year. General counsel staff negotiated and created master agreements with large commonly used sites for meetings and the administration of the California bar exam as well. And staff developed or updated 11 templates for use in granting or denying requests to use State Bar copyrighted documents, including license agreements, permissions to reprint, assignment agreements and responses to linking requests—reducing by 76 percent from the previous year the number of requests for review.

- Recovered with the assistance of outside counsel an **overpayment of operating expenses** for the Los Angeles lease site, resulting in a refund of more than \$300,000.

- Installed a new case management software application and system, **ProLaw**, to replace the AS/400 GEORGE-based tracking system; migrated 17,912 records from the old case tracking system; trained all attorneys and support staff; integrated *ProLaw* with the State Bar's document management system

and existing calendaring and e-mail applications; and implemented *ProLaw*'s timekeeping module.

## HUMAN RESOURCES

The **Office of Human Resources (HR)** is responsible for providing the full range of human resource services to the State Bar. Its primary functions include: personnel policy administration; the training, recruitment and retention of employees; Equal Employment Opportunity (EEO) and non-discrimination policy administration; classification and compensation analysis; benefit administration; human resource information system administration; organizational development; and employee and labor relations administration.

### *Accomplishments/New Developments*

*In 2006, the Office of Human Resources:*

- Conducted a **salary/benefits comparability study** to assess the overall competitive position of the State Bar in providing compensation and benefits to its employees. As a result, the State Bar's compensation structure was changed to maintain effective pay classification and grade systems (as well as parity with other California judicial branch agencies). The assessment results also served as an important information resource in union negotiations.

- Offered Union Bargaining Unit Employees the opportunity to request participation in a **Voluntary Separation Incentive Program**. With the primary aim of inducing 5 percent of the workforce to leave voluntarily in order to redistribute positions across department lines, the participation was on target—amounting to budget savings of approximately \$2,290,232 and eliminating the need for any further reduction measures.

- Negotiated the **2006 union contract** expeditiously, with the terms extended through 2008.

- Successfully maintained cost-effective HMO and indemnity **insurance coverage** with rate changes based on market surveys and employee utilization.

Retiree health coverage is an ongoing area of study and analysis. Insurance coverage renewals resulted in an 18.3 percent cost increase for 2007.

- Renewed, for the second year, **Workers' Compensation coverage** with American International Group, Inc. Annual insurance premiums have decreased significantly with the loss ratio cut by two-thirds over the last two policy years. This reduction in losses followed regularly conducted ergonomic evaluations, inspections, effective claim reporting and proactive training leading to increased employee awareness.

- Used an **online "Employee Self Service"** component for the annual benefits open enrollment process for the second year in a row. This process has facilitated access to health enrollment choices.

- Conducted a **State Bar health and benefits fair** to provide benefit plan information to employees.

- Extended recruitment **outreach efforts** through the Web, currently employing more than 50 organizations for posting State Bar job opportunities.

## OPERATIONS

The **Office of Operations** provides a comprehensive range of administrative and operational services in support of the work of all departments of the State Bar. As the organization's administrative support arm, the office manages centralized reception, mail and copy services; security; fulfillment center operations; meeting support; travel services; some financial support services; and facilities. It also safeguards the bar's physical assets.

### *Accomplishments/New Developments*

*In 2006, Operations:*

- Completed the **voluntary seismic retrofit** of the State Bar's San Francisco headquarters, which took six months and caused no interruption in State Bar business. The retrofit, which helped fortify the building,

also is expected to cut the State Bar's earthquake insurance premium costs. In addition, the project came in \$180,000 under the budgeted \$2.9 million in costs.

- Initiated an **audit of the State Bar's Los Angeles landlord** that led to at least \$525,143 in reimbursed funds and future cost savings to the bar.

## INFORMATION TECHNOLOGY

**I**nformation Technology (IT) is responsible for the computing, telecommunications and library resources that support the work of the State Bar. To meet these responsibilities, IT assesses information technologies; recommends products and services that can be supported within resource limitations; coordinates the selection and implementation of technologies; and provides ongoing support for products and services that have been adopted.

### Accomplishments/New Developments

*In 2006, Information Technology:*

- Conducted the State Bar's first **independent security assessment** to assure members and the public that the bar effectively reduces risks of technology tampering, disruption and inappropriate disclosure.
- Deployed "Phase One" of the **State Bar Sections Collaboration Workspace**, in which participants at various locations can access and interact with each other to share reviews and collaborate on work product.
- Helped facilitate the change in the **membership fee collection cycle** through enhanced IT protocols.
- Instituted an **IT Help Desk** and **new Service Request and Account Access procedures** to assist State Bar workers in performing their jobs.
- Instituted a **business case process** for the replacement and enhancement of new IT systems.
- Implemented the *ProLaw* Law Office

**Management System** to enhance General Counsel's management capabilities, facilitate case and file management capabilities and create measurable efficiencies.

- Developed a **comprehensive automated cost recovery system** to replace the manual calculation of monies owed to the Client Security Fund by disciplined attorneys.
- Implemented performance management for all critical IT services, established service levels, performance commitments and system availability, and monitored qualitative feedback through an annual **State Bar Performance Survey**. (The average score in 2006 was 4.14 out of 5.0.)
- Provided an array of **training programs** to State Bar staff and managers.

## MEDIA & INFORMATION SERVICES

**T**he Office of Media & Information Services provides bar members, bar associations, the media and the public with information about the State Bar, lawyers and the

legal system through media relations, consumer information and public education. This includes the *California Bar Journal*, the State Bar Web site and consumer education guides such as *Kids & the Law*, *When You Become 18* and *Seniors & the Law*. The staff also coordinates responses to media inquiries and develops affirmative media and public relations strategies for the State Bar. In addition, the State Bar's Web editor provides editorial oversight for the content of the State Bar's



Web site, working closely with the IT staff.

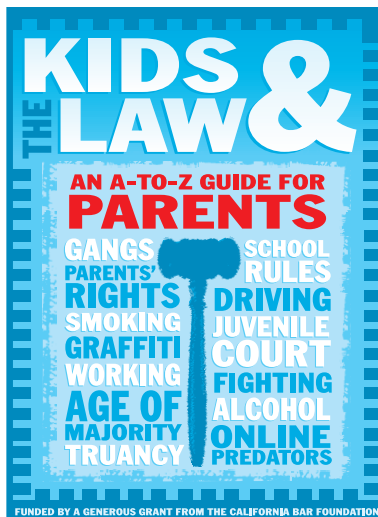
## Accomplishments/New Developments

*In 2006, the Office of Media & Information Services:*

■ Conducted four **Seniors & the Law forums** (one conducted in Spanish) to mark Law Day and release the new version of *Seniors & the Law: A Guide for Maturing Californians*. (See graphic on previous page.)

■ Distributed more than **1.6 million public education guides and pamphlets** to Californians seeking information about the law and their consumer rights. This included participation in five forums held throughout the state by local leaders.

■ Created a **Kids & the Law Essay Contest** for the 2007 Law Day celebration (to be held in conjunction with the release of the new version of *Kids & the Law: An A-to-Z Guide for Parents*) and received from the California Bar Foundation a \$15,000 grant to help defray



the costs of this new project. (*Special note: Nearly 700 essays were submitted by the February 2007 deadline.*)

■ Moved the **publications fulfillment center** from Los Angeles to San Francisco to ensure greater accountability of publications distribution and order fulfillment. The California Bar Foundation provided a \$25,000 grant to help defray costs of large publication orders to schools and non-profit organizations.

■ Partnered with the California State Parent-Teacher Association, the California Law Advocates, the California Retired Teachers Association, the AARP, the San Diego District Attorney's Office and other **civic groups** to distribute consumer information publications around the state.

■ Streamlined the 2007 State Bar **fee payment process** to ensure that members pay their dues by the February statutory deadline. (*Nearly 90 percent had complied by the 2007 deadline, up from 73 percent in the previous year.*)

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# The State Bar of California | Structure

